

NCA
VOC FOR PGM/FN
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CHINA'S INDUSTRIALIZATION CAMPAIGN

ANNCR:

THE PEOPLE'S REPUBLIC OF CHINA HAS INITIATED A LARGE-SCALE PROGRAM OF INDUSTRIAL MODERNIZATION THAT OFFERS THE POTENTIAL FOR BURGEONING TRADE WITH OTHER NATIONS. VOA BUSINESS AND ECONOMICS EDITOR FRANK FEINBERG HAS THIS BACKGROUND REPORT: VOICE:

NEWS REPORTS FROM CHINA INDICATE THAT PEKING IS INTENT ON A FAR-REACHING PROGRAM TO MODERNIZE SCIENCE AND TECHNOLOGY. AND AS THE U.S. BUSINESS PUBLICATION 'FORTUNE' SAYS: "THE TURN TO MODERNIZATION HAS LARGE AND OBVIOUS CONSEQUENCES FOR FOREIGN TRADE."

DIPLOMATIC AND BUSINESS SOURCES ESTIMATE THAT CHINA'S FOREIGN TRADE EXCHANGES THIS YEAR COULD REACH TWENTY-THOUSAND MILLION DOLLARS. FOR EXAMPLE, PEKING HAS PURCHASED EQUIPMENT FOR MINING AND STEEL MILLS IN WESTERN EUROPE, JAPAN AND THE UNITED STATES. AND THE NEW CHINESE GOVERNMENT HAS SHOWN PARTICULAR INTEREST IN DEVELOPING ITS POTENTIALLY LARGE OIL RESERVES.

THE WALL STREET JOURNAL, REPORTS THAT NEXT MONTH EXECUTIVES OF THE U.S. MOBIL OIL COMPANY WILL VISIT PEKING TO HOLD TALKS ON THE DEVELOPMENT OF CHINA'S OIL. OTHER FIRMS FROM THE UNITED STATES, EUROPE AND JAPAN, AT PEKING'S INVITATION, ALREADY HAVE HELD DISCUSSIONS ON POTENTIAL OIL EXPLORATION.

THE NEW LEADERSHIP IN PEKING REPORTEDLY HAS MADE PETROLEUM DEVELOPMENT ONE OF ITS HIGHEST ECONOMIC PRIORITIES. THIS IS SEEN AS THE BASIS FOR BOTH NATIONAL INDUSTRIALIZATION AND FOR

EARNING FOREIGN EXCHANGE. THIS POLICY, IN TURN, HAS RESULTED IN CHINESE INTEREST IN POSSIBLE OUTSIDE PARTICIPATION. FIRMS IN THE UNITED STATES AND ELSEWHERE THAT MANUFACTURE DRILLING EQUIPMENT HAVE BEEN IN TOUCH WITH PEKING.

THE NEW LEADERSHIP IN PEKING HAS ALSO SHOWN SIGNS OF A CHANGE OF ATTITUDE TOWARD FOREIGN TRADE. BUT OBSERVERS CAUTION THAT REPORTED POSSIBLE TRANSACTIONS COULD INVOLVE THOUSANDS OF MILLIONS OF DOLLARS, AND THAT IT IS NOT YET CLEAR AT PRESENT HOW CHINA WOULD PAY FOR THESE PURCHASES. PEKING'S EXPANDING PARTICIPATION IN THE INTERNATIONAL TRADING WORLD HAS BEEN VERY CAREFULLY CONDUCTED. THE GOVERNMENT HAS ENTERED INTO A VERY FEW DEBT OBLIGATION AGREEMENTS. BUT THE REPORTED CONTEMPLATED INDUSTRIAL DEVELOPMENT WOULD REQUIRE LARGE AMOUNTS OF CREDIT--PROVISIONS FOR WHICH WOULD HAVE TO BE ARRANGED WITH THE INTERNATIONAL COMMUNITY.

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